

COPY

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

PETITION OF SOUTHERN INDIANA GAS AND)
ELECTRIC COMPANY d/b/a VECTREN ENERGY)
DELIVERY OF INDIANA, INC. ("VECTREN SOUTH -)
ELECTRIC") FOR (1) AUTHORITY TO INCREASE ITS)
RATES AND CHARGES FOR ELECTRIC UTILITY)
SERVICE; (2) APPROVAL OF NEW SCHEDULES OF)
RATES AND CHARGES APPLICABLE THERETO; (3))
INCLUSION IN ITS BASE RATES OF COSTS)
ASSOCIATED WITH CERTAIN PREVIOUSLY)
APPROVED QUALIFIED POLLUTION CONTROL)
PROPERTY PROJECTS; (4) AUTHORITY TO)
IMPLEMENT A RATE ADJUSTMENT MECHANISM TO)
TRACK INCREMENTAL CHANGES IN CERTAIN)
COSTS AND REVENUES RELATING TO ITS)
GENERATING FACILITIES; (5) AUTHORITY TO)
IMPLEMENT A RATE ADJUSTMENT MECHANISM TO)
TRACK INCREMENTAL CHANGES IN NON-FUEL)
RELATED MIDWEST INDEPENDENT TRANSMISSION)
SYSTEM OPERATOR, INC. ("MISO") CHARGES AND)
PETITIONER'S TRANSMISSION REVENUE)
REQUIREMENT; (6) APPROVAL AS AN ALTERNATIVE)
REGULATORY PLAN PURSUANT TO IND. CODE § 8-1-)
2.5-6 OF A RETURN ON EQUITY TEST TO BE USED IN)
LIEU OF THE STATUTORY NET OPERATING INCOME)
TEST IN ITS FUEL ADJUSTMENT CHARGE)
PROCEEDINGS; (7) APPROVAL OF REVISED)
DEPRECIATION ACCRUAL RATES; (8) APPROVAL OF)
THE CLASSIFICATION OF PETITIONER'S FACILITIES)
AS TRANSMISSION OR DISTRIBUTION IN)
ACCORDANCE WITH THE FEDERAL ENERGY)
REGULATORY COMMISSION'S SEVEN FACTOR)
TEST; AND (9) APPROVAL OF VARIOUS CHANGES TO)
ITS TARIFF FOR ELECTRIC SERVICE INCLUDING)
NEW INTERRUPTIBLE AND ECONOMIC)
DEVELOPMENT RIDERS.)

FILED

DEC 01 2006

INDIANA UTILITY
REGULATORY COMMISSION

CAUSE NO. 43111

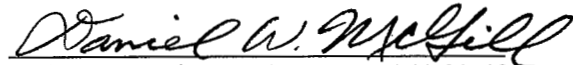
SUBMISSION OF SUPPLEMENTAL DIRECT TESTIMONY
AND EXHIBIT ON RATE BASE UPDATE

Pursuant to Finding No. 6 of the Prehearing Conference Order in this Cause, Petitioner

Southern Indiana Gas and Electric Company d/b/a Vectren Energy Delivery of Indiana, Inc.

submits the attached Supplemental Direct Testimony and Exhibit of M. Susan Hardwick on
Petitioner's original cost rate base as of October 31, 2006.

Respectfully submitted,



Robert E. Heidorn, Atty. No. 14264-49

VECTREN CORPORATION

One Vectren Square

211 N.W. Riverside Drive

Evansville, Indiana 47708

Telephone: (812) 491-4203

Facsimile: (812) 491-4238

Email: rheidorn@vectren.com

Daniel W. McGill, Atty. No. 9489-49

BARNES & THORNBURG LLP

11 South Meridian Street

Indianapolis, Indiana 46204

Telephone: (317) 231-7229

Facsimile: (317) 231-7433

Email: dmcgill@btlaw.com

Robert M. Glennon, Atty. No. 8321-49

3697 North 500 East

Danville, Indiana 46122

Telephone: (317) 852-2723

Facsimile: (317) 852-0115

Email: glennon@iquest.com

Attorneys for Petitioner

Southern Indiana Gas and Electric Company

d/b/a Vectren Energy Delivery of Indiana,
Inc.

CERTIFICATE OF SERVICE

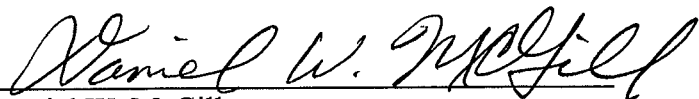
The undersigned hereby certifies that the foregoing Submission Of Supplemental Direct Testimony And Exhibit On Rate Base Update was served by depositing a copy thereof in the United States mail, first class postage prepaid, addressed to:

OFFICE OF THE UTILITY CONSUMER COUNSELOR
100 North Senate Avenue
Room N501
Indiana Government Center North
Indianapolis, Indiana 46204

J. Christopher Janak
Christopher C. Earle
L. Parvin Price
Nikki G. Shoultz
BOSE MCKINNEY & EVANS
2700 First Indiana Plaza
135 North Pennsylvania Street
Indianapolis, IN 46204

Timothy L. Stewart
Jennifer W. Terry
LEWIS & KAPPES, P.C.
One American Square
Suite 2500
Indianapolis, IN 46282

this 1st day of December, 2006.


Daniel W. McGill

SOUTHERN INDIANA GAS AND ELECTRIC COMPANY
d/b/a VECTREN ENERGY DELIVERY OF INDIANA, INC.
(VECTREN SOUTH-ELECTRIC)

IURC CAUSE NO. 43111

SUPPLEMENTAL DIRECT TESTIMONY

OF

M. SUSAN HARDWICK

VICE PRESIDENT, CONTROLLER AND ASSISTANT TREASURER

ON

UPDATED RATE BASE

SUPPLEMENTAL DIRECT TESTIMONY OF M. SUSAN HARDWICK

1 **Q. Please state your name and business address.**

2 A. My name is M. Susan Hardwick. My business address is One Vectren Square,
3 211 N.W. Riverside Drive, Evansville, Indiana 47708.

4

5 **Q. What is your position with Southern Indiana Gas and Electric, Inc. d/b/a**
6 **Vectren Energy Delivery of Indiana, Inc. ("Vectren South-Electric" or**
7 **"Company")?**

8 A. I am Vice President, Controller and Assistant Treasurer.

9

10 **Q. Are you submitting Direct Testimony in this proceeding?**

11 A. Yes. My Direct Testimony has been identified as Petitioner's Exhibit No. MSH-1.

12

13 **Q. What is the purpose of this Supplemental Direct Testimony?**

14 A. The purpose is to quantify Vectren South-Electric's original cost rate base as of
15 October 31, 2006.

16

17 **Q. What is the Company's original cost rate base as of October 31, 2006?**

18 A. Petitioner's Exhibit No. MSH-6 was prepared under my supervision to show the
19 quantification of the original cost electric rate base as of that date. Consistent
20 with the methodology used in the pro forma rate base calculation included in the
21 exhibits to my Direct Testimony, each of the components of Materials and

1 Supplies is a thirteen month average as of that date. As shown on line 18, the
2 total rate base (including the \$49 million estimate for the Culley Unit 3 fabric filter)
3 is \$1,042,198,971. Pursuant to Finding No. 11 of the Prehearing Conference
4 Order, the actual cost of the fabric filter will be submitted at the final hearing in
5 this proceeding.
6

7 **Q. Is Petitioner's Exhibit No. MSH-6 an accurate quantification of Petitioner's**
8 **original cost rate base at October 31, 2006, as adjusted for the fabric filter?**

9 **A. Yes.**
10

11 **Q. Does this complete your Supplemental Direct Testimony?**

12 **A. Yes, it does.**

VECTREN SOUTH
ELECTRIC TARIFF
Statement of Electric Property
Original Cost Rate Base at October 31, 2006

Line No.	Activity (FERC) No.	Description	Electric Plant Per Books at October 31, 2006	Adjustments and Eliminations	As Adjusted Pro Forma Rate Base at October 31, 2006
		<u>Utility Plant</u>			
1	101	In Service - Unitized	\$ 1,312,023,679	\$ -	\$ 1,312,023,679
2	105	Property Held for Future Use	3,163,409	(3,163,409)	-
3	106	Completed Const. Not Classified	421,191,296	-	421,191,296
4	106	Addition of Fabric Filter at Culley Unit 3 (Estimate)	-	49,000,000	49,000,000
5	107	Const. Work in Progress	66,962,032	(66,962,032)	-
6		Gross Utility Plant	\$ 1,803,340,416	\$ (21,125,441)	\$ 1,782,214,975
		<u>Accumulated Depreciation</u>			
7	108	Utility Plant	\$ (812,808,720)	\$ -	\$ (812,808,720)
8		Net Utility Plant (Line 6 + Line 7)	\$ 990,531,696	\$ (21,125,441)	\$ 969,406,255
		<u>Material & Supplies ^(A)</u>			
9	154	Utility Material & Supplies	\$ 22,167,395	\$ -	\$ 22,167,395
10	163	Stores Expense	3,101,884	-	3,101,884
11	151	Fuel Stock	17,600,522	-	17,600,522
12	158	Allowance Inventory	117,419	-	117,419
13		Total Material & Supplies	\$ 42,987,220	\$ -	\$ 42,987,220
14	182	DSM - Post 1994 Regulatory Asset	\$ 27,611,703	\$ -	\$ 27,611,703
15	182	DSM - Pre 1994 Regulatory Asset	1,543,877	-	1,543,877
16	182	MISO Day 2 Startup Costs	649,916	-	649,916
17		Total Regulatory Assets	\$ 29,805,496	\$ -	\$ 29,805,496
18		Total Rate Base (Line 8 + Line 13 + Line 17)	\$ 1,063,324,412	\$ (21,125,441)	\$ 1,042,198,971

^(A) Based on a 13 month average ending 10/31/06.